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Viewing cable 05PARIS1142, ARNAUD LAGARDERE ON BOEING/AIRBUS, CHIRAC AND THE

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Reference ID	Created	Released	Classification	Origin
05PARIS1142	2005-02-23 12:12	2011-08-30 01:44	CONFIDENTIAL	Embassy Paris

Appears in these articles:
http://abonnes.lemonde.fr/documents-wikileaks/article/2011/02/09/wikileaks-les-visiteurs-de-l-ambassade_1477418_1446239.htm

This record is a partial extract of the original cable. The full text of the original cable is not available.

C O N F I D E N T I A L SECTION 01 OF 02 PARIS 001142

SIPDIS

STATE FOR EUR/WE, EUR/ERA, EB/TPP
STATE PASS TO USTR (VERONEAU, NOVELLI, SANFORD)
COMMERCE FOR GRANT ALDONAS AND FRED ELLIOTT

E.O. 12958: DECL: 02/22/2015
TAGS: [ETRD](#) [EAIR](#) [SCUL](#) [FR](#) [WTRO](#) [USTR](#)
SUBJECT: ARNAUD LAGARDERE ON BOEING/AIRBUS, CHIRAC AND THE
MEDIA

REF: A. 04 PARIS 9014 B. PARIS 372

Classified By: Econ Minister-Counselor Thomas J. White for reasons
1.5 (b) and (d).

1. (C) SUMMARY: Ambassador hosted Lagardere group CEO (and EADS shareholder) Arnaud Lagardere at lunch February 18. Discussion focused on Lagardere/EADS business plans, Boeing/Airbus, President Chirac and media industry developments. Lagardere had unvarnished criticism for President Chirac. On Airbus, he said that the A350 was a priority, would be a completely new aircraft (like Boeing's 787), and would require European launch aid. Nonetheless, he understands the importance of finding a workable solution to the Boeing/Airbus dispute. END SUMMARY.

2. (U) The Ambassador hosted Arnaud Lagardere, CEO of the Lagardere Group, for lunch on February 18. DCM, ECON and FCS Minister-Counselors also participated. The Lagardere Group has extensive media holdings in France and around the world, and owns 15 percent of the European Aeronautic Defense and Space Company (EADS). EADS in turn owns 80 percent of Airbus. Lagardere inherited his role from his father, Jean Luc Lagardere, founder of the group and a driving force behind the creation of EADS and Airbus.

LAGARDERE ON CHIRAC

3. (C) Lagardere had rather scathing criticism for French President Chirac. Sporting a &Paris 2012 lapel pin promoting the city's Summer 2012 Olympic bid, Lagardere said

that Paris is well-placed to win the contest, but differences between Chirac and Paris, Socialist Mayor have recently surfaced. Lagardere opined that Chirac messes up everything he gets involved in. Similarly, Lagardere termed &ridiculous8 Chirac,s desire to see the launch of a French language CNN-style news operation. He lamented that a lot of money will be thrown at this project. &It will be done, but we will pay.8

14. (C) Regarding the 2007 Presidential elections, Lagardere) who claims a good relationship with UMP President Nicolas Sarkozy) says there is a 100% chance that Sarkozy will run. Lagardere believes Chirac is also quite likely to run, which in his view could open up space for Socialist leader Francois Hollande.

LAGARDERE,S COMMITMENT TO EADS/AIRBUS

15. (SBU) There has been frequent speculation that the Lagardere group, primarily a media conglomerate, may want to shed its stake in EADS in the next few years. Asked about the prospect, Lagardere said that he has a 5-8 year horizon (¬ three years8) for doing so. (Comment. His subsequent comments suggest this timeline may be designed to see the A350 project come to fruition. End Comment.) A Chirac victory in 2007 would hasten his exit, he said, while a Sarkozy victory would probably mean the later timeline.

16. (C) Lagardere characterized as a &mistake8 the decision to remove Philippe Camus as French co-head of EADS and to replace him with current Airbus President Noel Forgeard. (Comment. Forgeard is a Chirac protege, and Chirac forced the change. The Lagardere and GOF ownership in EADS is held in a holding company, each owning half of the 30% stake. The Camus-Forgeard rivalry is spelled out in ref A. Camus, on the other hand, has been a long-time Lagardere lieutenant, and will return to the Lagardere media operation when he leaves Airbus this summer. End Comment.) Lagardere said that Camus would take some time this summer to pursue his U.S. permanent resident status, and assume management of the Lagardere U.S. interests. Camus, like Lagardere, owns a home in the U.S., and both plan U.S. university training for their children. Lagardere joked that he had given Camus &the virus8 (i.e., a love of the U.S.).

17. (C) There will be tensions within EADS given the styles of new co-chairs Forgeard and Thomas Enders, according to Lagardere. He listed three names on the short list for the new President of Airbus: Eurocopter CEO Fabrice Bregier, Airbus Executive VP for Operations Gerard Blanc (not well liked by the Germans, according to Lagardere) and Airbus Chief Operating Officer Gustav Humbert. Humbert, a German national, is the dark horse for what will most likely be a French position at the head of Airbus. Historically, within Airbus, a French manager always reported to a German supervisor and vice versa.

18. (C) Lagardere says that Germany was not happy with the Forgeard/Camus episode and with GOF interest in pushing a single (French) CEO for EADS. German Chancellor Schroeder,s call for a possible Russian stake in EADS during the A380 unveiling in Toulouse last month (ref B) was his way of expressing his displeasure with the French. Lagardere says his relations with fellow EADS shareholder and Daimler-Chrysler Chairman Juergen Schremp are quite good, and Lagardere is considering joining the Daimler-Chrysler board at Schremp,s invitation.

AIRBUS READIES THE A350

19. (SBU) The planned Airbus A350, which will compete with Boeing,s 787, will be a completely new aircraft. Airbus has decided not to build it on an A330/340 base, as initially envisioned. Lagardere said that Airbus is committed to the project, and cannot allow the 787 to monopolize this market segment. Airbus will need launch aid to produce the aircraft, which will not be ready before 2010. He lamented that 60 percent of Airbus, costs are Euro-denominated, while 100 percent of Airbus sales are in dollars. Lagardere indicated that an initial launch customer could be announced in about two months, hinting that it would not be Dubai, but might be Qatar.

110. (SBU) Lagardere believes that Boeing will only achieve 70-80 percent of its planned sales of the 787, still an impressive achievement in his view. On the other hand, he believes Airbus can sell up to 1000 models of its superjumbo A380. He foresees a turnaround in the world aircraft market looking out to 2008-09. He noted that the Mideast market is currently booming (the A380 has done well there), but airlines there are probably overbuying.

11. (C) Lagardere says he has not yet met Boeing CEO Harry Stonecipher. The Ambassador encouraged him to do so, pointing out that Stonecipher knew Arnaud,s father, Jean Luc Lagardere, and had commented to the Ambassador late last year that he (Stonecipher) and Jean Luc could have resolved the Boeing/Airbus dispute.

FRANCE AND CHINA

12. (C) In an interesting aside, Lagardere called French President Chirac,s December 2004 visit to China a &disaster8 for French business. Airbus, Alstom and Alcatel all came away relatively empty-handed, despite earlier Chinese hints of major announcements during the visit. Lagardere noted that the French press was quick to question whether Chirac had &lost his touch.8

LAGARDERE MEDIA EXPANSION

13. (SBU) Eighty percent of the Lagardere Group,s revenue comes from its media business. The group has diversified holdings around the world (e.g., 245 magazine titles in 36 countries). Lagardere is considering some additional acquisitions in the U.S. market and is in discussion with Henry Kravis, Primedia Inc. for some magazine titles and with Rupert Murdoch,s media conglomerate.
Leach